

Stephen San Roman

Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW.
Washington, DC 20551

Re: Docket No. R-1404 and RIN No. 7100 AD63

February 15, 2011

Board of Governors of the Federal Reserve System,

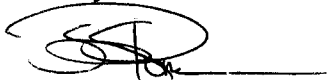
It is with this letter that I write to you as a concerned citizen who will be greatly affected by the proposed "Interchange Fees and Routing Rule." With the reduction of interchange fees, I've now learned that banks will likely reduce or eliminate many of their free services. Restricting interchange fees will force many banks to make up for lost revenue by charging for debit cards, and eliminating many free services. As a consumer, I can barely afford the budget I currently have in place which leaves me living from paycheck to paycheck. And now to pay for something I've been accustomed to receiving for free? I've never written a letter to Federal Reserve but I cannot let my voice go unheard when I am positive there are many more people in my position.

Now I am very much aware of the unethical, morally unsound actions that have flashed in the headlines for the past few years and I completely back any institution that will seek out these thieves and pursue justice. However, this particular rule will cause more harm than I good I believe. The only beneficiaries of this harmful rule are retailers, who will take home an additional \$15 billion in profits - and consumers will be left to deal with the consequences. **The rule does not require that retailers pass along even one penny of their savings to customers.** Meanwhile, banks, forced to lose money on debit interchange transactions, will be forced to compensate by increasing fees for deposit customers. How is that fair to us? Retailers enjoy higher sales, lower costs and guaranteed payment on transactions facilitated by debit card transactions. It is why millions of retailers accept debit cards and that number will certainly continue to grow. This proposed rule is a direct attack on consumer use, since the debit card has become a fundamental part of buying products and services. Banks will lose significant income, virtually making the debit card program unprofitable. This will result in elimination of debit cards by some banks, or a charge directly to the consumer per transaction, or a monthly fee, or at most both.

With a decline in debit card transactions, businesses will see a shift from cards to cash as a means to purchase their products. This means stores will have a much larger amount of cash on hand; this will certainly increase criminal activity in communities large and small. A majority of businesses do not have large walk-in vaults like banks, they keep their excess cash in small, accessible safes below the counter; criminals know this.

I work at a traditional, community bank in a small South Texas town. Not a Wall Street bank with golden parachutes and multimillion dollar bonus checks. We provide savings and checking accounts, which include the use of a debit card. Providing debit card services to my customers is a very important aspect of my relationship with my customer, and one which involves significant expense. Our bank is opposed to the proposed rule because the proposal does not permit our bank to cover the cost of providing debit card transactions, which will create new maintenance and other fees on checking accounts. Community-based banks are suffering enough under the weight of the economy and excessive regulation. For the reasons stated above we are opposed to capping interchange fees at 7 or 12 cents. It will have a significant impact on our bank, our customers and our operations.

Sincerely,

A handwritten signature in black ink, appearing to read "SSR", with a horizontal line extending to the right.

Stephen San Roman